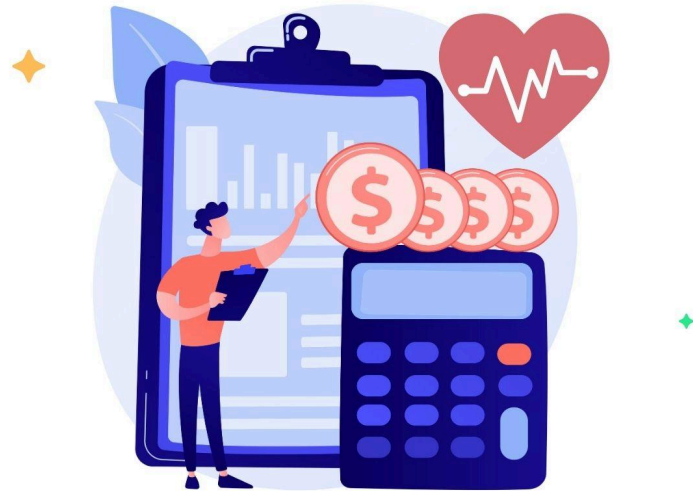


Your Monthly Financial Health Check

5 Things Every Business Owner Should Review



Your Monthly Financial Health Check: 5 Things Every Business Owner Should Review

Managing [finances](#) for your business can be overwhelming. But having a monthly financial review can help you stay organized, detect potential issues early, and help you make better decisions to keep your business on a healthy financial path.

If you're wondering what exactly to look for, here's a straightforward guide on the key things to include in your monthly financial review to get a clear picture of how your business is doing.

1. Income Statement (Profit & Loss Statement)

The Income statement summarizes revenues, expenses, costs, and overall profits & losses for a specific period. In short, it gives you an overview of the financial performance of your business.

Try to monitor for sudden drops in sales or sudden increases in expenses to fix issues before they worsen.

2. Balance Sheet Overview

A balance sheet is an overview of your company's financial well-being. It summarizes your company's liabilities, assets, and equity.

Make sure:

- Your assets are greater than your liabilities, resulting in positive equity.
- You have enough current assets (especially cash) to cover your current liabilities.
- Your debt levels are manageable and sustainable, with a reasonable debt-to-equity ratio.

3. Cash Flow Statement

Your business's ultimate goal can be profit-making, but you also need to make sure you have enough cash present.

Your cash flow statement shows the inflow and outflow of cash. If the net inflow is more than the net outflow, then it's a net positive cash flow, and if it's the opposite, then it will be called net negative cash flow.

Make sure you've enough cash available to keep up with your daily expenses in your business.

4. Accounts Receivable and Payable Ageing Reports

To whom do you owe money? And who owes you? Tracking overdue bills and invoices is important to keep cash flow problems at bay.

These reports show how long payments have been overdue. By going through this every month, you can follow up on unpaid bills and pay them on time.

5. Budget vs. Actual Performance

You may often set your budgets and projections for your business, but how often do you verify them?

By measuring your real income and expenses against your budget, you can identify where you're overspending or perhaps performing better than anticipated. This way, you can refocus your plans, manage costs, and keep your finances under control.

Conclusion

Doing a monthly financial review might sound like a boring task, but it's one of the best ways to keep your business healthy and growing. By taking time each month to check your profit and loss, balance sheet, cash flow, invoices, budgets, and taxes, you're setting yourself up to catch problems early and make smarter decisions.

Using reliable [accounting software](#) like BDGAGSS, XERO, QuickBooks, and Sage can make this process much easier by automatically generating reports, tracking expenses, and helping you stay organized. In the long run, you'll be more at ease with the reports, see trends more rapidly, and have greater assurance about the financial future of your business.

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